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Message Text

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45
ACTION H-03

INFO OCT-01 NEA-07 ISO-00 SS-07 NSC-06 AID-01 /025 W
---------- 051302
P R 201025Z JAN 76
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 4523
INFO AMEMBASSY JIDDA

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E.O. 11652: N/A
TAGS: PFOR, EFIN, KU
SUBJ: STATE BY SENATOR CHURCH ON US-KUWAIT RELATIONS

1. FINANCIAL MANAGER OF LARGE LOCAL COMPANY CALLED EMBOFF JANUARY 20 TO ASK ABOUT STATEMENTS MADE BY SENATOR CHURCH AS REPORTED JANUARY 19 IN NEW YORK TIMES. ACCORDING TO HIM, TIMES HAD REPORTED THAT SENATOR CHURCH DURING MEETING WITH FRB CHAIRMAN BURNS EXPRESSED CONCERN OVER LARGE DEPOSITS OF CERTAIN GOVERMENTS IN US BANKS. HE THEN WENT ON TO DISTINGUISH US RELATIONS WITH SAUDI ARABIA, WHICH HE DESCRIBED AS RELATIVELY SOUND AND OF LONG STANDING, WITH THOSE OF KUWAIT. CITING RECENT KUWAITI ARMS PURCHASE AGREEMENT WITH SOVIET UNION, SENATOR CHURCH REPORTEDLY SAID THAT KUWAIT WAS THEREFORE UNTRUST-WORTHY AND AS RESULT LARGE DEPOSITS BY GOK IN US BANKS COULD BE POTENTIALLY DANGEROUS.

2. EMBASSY HAS NOT YET SEEN NYTIMES REPORTS OR TEXT OF SENATOR CHURCH'S ALLEGED REMARKS. DEPARTMENT REQUESTED TO CABLE RELEVANT TEXT SOONEST TOGETHER WITH EXPLANATION OF OCCASION DURING WHICH DISCUSSION OCCURED. WE ANTICIPATE SENATOR CHURCH'S STATEMENTS WILL GAIN WIDE PUBLICITY HERE, AND WILL NOT BE AT ALL HELPFUL.

3. WE DO NOT BELIEVE WE SHOULD VOLUNTEER ANY COMMENT, BUT WE WOULD GUESS THAT CHURCH STATEMENTS COULD BE BROUGHT UP AT DAILY PRESS BRIEFINGS IN DEPARTMENT. IF SO, EMBASSY SUGGESTS MENTION SHOULD BE MADE OF KUWAIT'S RECORD, EVEN DURING OCTOBER
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WAR, OF PRUDENT MANAGEMENT OF ITS FINANCIAL HOLDINGS IN US

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AS WELL AS HIGH-LEVEL COMMITMENTS MADE BY GOK (ATEEQI TO SIMON)
THAT GOK WILL BE LAW ABIDING INVESTOR WHICH HAS NO RPT NO INTENTION
OF SEEKING TO DISRUPT US FINANCIAL MARKETS OR ECONOMY IN
GENERAL.
MAU

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Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
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To: STATE
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